

## Local and Municipal Health Care Choice Act of 2015

### **Background and Purpose**

The Affordable Care Act (ACA) has backed local and municipal government workers into a corner with regard to their choice in health care. Section 1333 of the ACA allows states to enter into “compacts” that would allow plans to be sold in more than one state. However, this compact authority is not available to many local government pools since these pools do not meet the definition under federal law of a “qualified health plan,” which requires a qualified issuer to be licensed by a state insurance commission.

Local and municipal government pools take different forms and can be regulated through inter-local agreements subject to approval by a state attorney general, a state department of health or another designated agency – and not necessarily a state insurance commission, as prescribed by Section 1333 of the ACA. As a result, current law effectively prohibits local and municipal government pools from being made available to local and municipal government employees of other states.

Legislative action is therefore needed to correct the detrimental effects this ACA provision has had on the health care options for local and municipal employees. Congress should act and allow multistate sales by local government pools to other local and municipal employees.

### **Solution**

The *Local and Municipal Health Care Choice Act*, H.R. 2869, would facilitate multistate sales by local government pools to other local and municipal employees. Many in Congress have long supported increasing health care competition by allowing health plan issuers to sell individual plans across state lines. This legislation would complement this call for competition by facilitating and streamlining multistate sales of group plans by local government pools.

If enacted, this bill would allow issuers of health care coverage to efficiently increase marketplace competition. H.R. 2869 would guide coverage sales, adhering to the federal essential health benefit standards, in multiple states with primary regulation in a single state.

H.R. 2869 entails the following:

- The authority for multistate sales of municipal health plans would be limited to sales to other municipalities, and would not be allowed if municipalities in a secondary state object.
- The application of the law of the primary state with respect to the offer, sale, rating, underwriting, renewal, and issuance of policies; the management, operations, and investment activities of a pool; and loss control and claims administration.
- The allowance of the law of a secondary state to apply with respect to fraud and abuse, or unfair claims settlement practices.

Congress must do all that it can to bring competition into the health care market to lower costs and help provide more efficient and high quality coverage to American individuals and families. H.R. 2869 does just that.